

**Employee Benefits / 5500**

	2003 Actual <sup>1</sup>	2004 Adopted <sup>2</sup>	2004 Estimated <sup>3</sup>	2005 Adopted <sup>4</sup>	2006 Projected <sup>5</sup>	2007 Projected <sup>5</sup>
<b>Beginning Fund Balance</b>	<b>11,363,926</b>	<b>11,997,472</b>	<b>17,998,963</b>	<b>19,566,983</b>	<b>14,419,923</b>	<b>16,051,862</b>
<b>Revenues</b>						
* Flexrate Recovery	117,173,415	143,996,501	143,001,801	141,612,373	162,316,639	180,570,900
* Interest Revenue	413,102	350,000	485,459	450,000	357,057	545,448
* Other Non-Flexrate Revenue	14,086,462	17,668,259	16,919,553	18,053,166	20,039,014	22,243,306
* Flexrate Rebate			(9,000,000)			
<b>Total Revenues</b>	<b>131,672,978</b>	<b>162,014,760</b>	<b>151,406,813</b>	<b>160,115,539</b>	<b>182,712,710</b>	<b>203,359,654</b>
<b>Expenditures</b>						
* Insurance Premiums	(122,855,528)	(151,456,780)	(142,403,378)	(153,917,664)	(170,848,607)	(189,641,954)
* Benefits Administration	(1,994,368)	(2,162,866)	(2,162,866)	(2,420,840)	(2,541,882)	(2,668,976)
* Puget Sound Health Alliance			(150,000)	(200,000)	(200,000)	(200,000)
* Enrollment Fluctuation Contingency <sup>6</sup>		(3,583,933)	(3,583,933)	(3,583,933)	(3,583,933)	(3,583,933)
* Health Care Initiative Related Expenses <sup>7</sup>			(1,538,616)	(5,140,162)	(3,906,349)	(278,495)
<b>Total Expenditures</b>	<b>(124,849,896)</b>	<b>(157,203,579)</b>	<b>(149,838,793)</b>	<b>(165,262,599)</b>	<b>(181,080,771)</b>	<b>(196,373,358)</b>
<b>Estimated Underexpenditures</b>						
<b>Other Fund Transactions</b>						
* GAAP Accounting Adjustments	(188,045)					
<b>Total Other Fund Transactions</b>	<b>(188,045)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>17,998,963</b>	<b>16,808,653</b>	<b>19,566,983</b>	<b>14,419,923</b>	<b>16,051,862</b>	<b>23,038,158</b>
<b>Less: Reserves &amp; Designations</b>						
* Incurred But Not Reported (IBNR) <sup>8</sup>	(13,192,000)	(18,501,272)	(14,741,375)	(16,549,184)	(18,369,594)	(20,390,250)
* IBNR Shortfall		1,692,619		2,129,261	2,317,732	
* Rate Stabilization Reserve <sup>9</sup>			(4,825,608)	-	-	(2,647,909)
* Claims Fluctuation Reserve (CFR)	(4,681,680)	(5,594,231)				
* CFR Shortfall		5,594,231				
<b>Total Reserves &amp; Designations</b>	<b>(17,873,680)</b>	<b>(16,808,653)</b>	<b>(19,566,983)</b>	<b>(14,419,923)</b>	<b>(16,051,862)</b>	<b>(23,038,159)</b>
<b>Ending Undesignated Fund Balance</b>	<b>125,283</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
<b>Target Fund Balance<sup>10</sup></b>	<b>17,873,680</b>	<b>24,095,503</b>	<b>19,566,983</b>	<b>14,419,923</b>	<b>18,369,594</b>	<b>23,038,159</b>

**Financial Plan Notes:**

<sup>1</sup> From 2003 CAFR

<sup>2</sup> 2004 Council Adopted Budget

<sup>3</sup> From 2004 3rd Quarter Report

<sup>4</sup> Flex Rate Revenues are based on an increase of 3% (\$980) and an embedded rebate of \$6.7M, which brings the flexrate to \$935, and an FTE count of 12,302. All other Non-Flexrate Revenue, Insurance Premium, and Administrative Expenditures are from 2005 (8/2/2004) Actuary Report.

<sup>5</sup> Rates are projected to rise 15% in 2006 and 11% in 2007, revenues and insurance premiums are projected to rise by 11%, and administrative costs by 5%. Interest is projected at 4.65% in 2006 and 4.95% in 2007.

<sup>6</sup> Enrollment Fluctuation Contingency is assumed to be revenue backed and is held constant due to healthy fund balance and historic underexpenditure in this area.

<sup>7</sup> Expenses related to recommendations in the Health Advisory Task Force to reduce healthcare costs in the future. Includes BHIP and Disease Management Programs.

<sup>8</sup> In 2006 and 2007, IBNR is projected based on a 11% annual increase.

<sup>9</sup> The Rate Stabilization Reserve will be utilized to minimize rate fluctuations in the future.

<sup>10</sup> The target fund balance is equal to the total of IBNR and Rate Stabilization Reserve.